ENVIRONMENTAL ASSESSMENT STATEMENT

Pursuant to the requirements of the Louisiana Environmental Quality Act at the Louisiana Revised Statutes (LRS) Title 30, Section 2018 (30:2018), the following responses to the "environmental impact/IT questions" are provided. A complete discussion of direct and potential environmental impacts and social and economic benefits that may occur as a result of the construction and operation of the proposed facility will be provided in a separate Environmental Assessment Statement (per LRS 30:2018) to be submitted as part of the Administrative Record.

1.0 "Have the potential and real adverse environmental effects of the proposed facility been avoided to the maximum extent possible?"

Yes. The potential and real adverse environmental effects of the proposed facility have been avoided to the maximum extent possible. Shintech has many years of incident-free experience in the design and operation of chlor-alkali and VCM plants. The design of the facility incorporates the operating experience of Shintech to make it one which minimizes environmental impact. The facility was designed around the existing landscape, utilizing the infrastructure of the former Ashland Chemical Company site to the maximum extent possible and avoiding woodlands and potential wetlands.

2.0 "Does a cost benefit analysis of the environmental impact costs balanced against the social and economic benefits of the proposed facility demonstrate that the latter outweighs the former?"

Yes. With respect to impacts to the human and natural environment, there are no significant adverse impacts to or deterioration of the existing environment that are reasonably anticipated. The facility is designed to minimize impacts to the environment to the maximum extent possible, while social and economic benefits will be significant, bringing much-needed revenues and jobs to the area. Therefore, it is believed that the social and economic benefits of the facility outweigh environmental impacts.

3.0 "Are there alternative projects which would offer more protection to the environment than the proposed facility without unduly curtailing nonenvironmental benefits?"

No. There are no alternative projects which would offer more protection to the environment without unduly curtailing nonenvironmental benefits. The proposed facility will utilize state-of-the-art technology for the construction and operation of the Chlor-Alkali and VCM units. The Chlor-Alkali Unit will utilize an ion exchange membrane process, the most advanced and clean process for the production of chlorine and caustic soda as it does not use asbestos or mercury. Shintech's extensive experience with these types of processes ensures that the latest and most appropriate technology will be utilized to protect the environment to the maximum extent possible.

4.0 "Are there alternative sites which would offer more protection to the environment than the proposed facility site without unduly curtailing nonenvironmental benefits?"

No. There are no alternative sites that would offer more protection to the environment than the selected site without unduly curtailing nonenvironmental benefits. Other potential sites considered did not have existing or immediate access to necessary infrastructure, such as brine pipelines and dock facilities. The proposed units will be located at the existing Shintech facility being constructed in Iberville Parish and expected

to begin operation in late 2007. Construction of the necessary infrastructure at other sites would result in additional environmental impact at those locations and not provide the same level of safety.

5.0 "Are there mitigating measures which would offer more protection to the environment than the facility as proposed without unduly curtailing nonenvironmental benefits?"

No. The facility is designed to meet or exceed applicable environmental, industry, and company standards. State-of-the-art technology is being employed in both production units. The proposed project location is on property that presently supports the infrastructure of a former chemical manufacturing facility and is the location of the existing Shintech facility that is currently under construction, thus minimizing environmental impact. The facility was also designed around existing natural resources to further minimize environmental impact. Shintech is not aware of any other mitigating measures that would offer more protection to the environment without unduly curtailing nonenvironmental benefits.